

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 1738 – SB 1754**

March 12, 2018

**SUMMARY OF ORIGINAL BILL:** Specifies criteria that qualify as a conflict of interest involving a member of a governing board and a state institution of higher education governed by the board. Prohibits a governing board member from accepting or soliciting anything of value in excess of \$250 from an institution governed by the board. Prohibits such persons in violation of conflict of interest rules from serving as a governing board member.

**FISCAL IMPACT OF ORIGINAL BILL:**

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (014898):** Deletes and replaces all language after the enacting clause such that the only substantive changes clarify that governing board members are prohibited from having a direct or indirect ownership of five percent or more in an entity that enters into a contract or transaction with any state institution of higher education governed by the board, other than passive ownership of less than a controlling interest in publicly traded companies; and prohibit a governing board member from accepting or soliciting anything of value in excess of \$500, rather than \$250, from an institution governed by the board.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 49-8-203(g) and Tenn. Code Ann. § 19-9-207, members of a governing board are currently prohibited from being in violation of a conflict of interest and will be removed from the board if such violations occur.
- Any member of the board in violation of any conflict of interest will be replaced. As a result, there will be no change in the number of board members.

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- Policies adopted under the provisions of the proposed legislation will be similar to policies which have been adopted under current law. Therefore, any fiscal impact to state government is estimated to be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/rbp